

## Message Text

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17

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-08 STR-02 INR-05 NSC-05

NSCE-00 TRSE-00 OMB-01 CIAE-00 L-01 IO-03 /043 W

----- 114153

R 241530Z SEP 75

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 4662

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

USMISSION MTN GENEVA

C O N F I D E N T I A L LUXEMBOURG 0777

LIMDIS

E. O. 11652: GDS

TAGS: ETRD, LU, EC

SUBJECT: COUNTERVAILING DUTY COMPLAINT ON STEEL

REF: A) STATE 222003, B) STATE 223116, C) EC BRUSSELS

08436 (NOTAL)

1. ECON OFFICER DELIVERED AMBASSADOR DENT'S MESSAGE TO CHARLES REICHLING, DIRECTOR OF INTERNATIONAL ECONOMIC RELATIONS, MINISTRY OF FOREIGN AFFAIRS, WHO IS TOP GOL OFFICIAL FOR TRADE MATTERS. (NOTE: PRIME MINISTER AND FOREIGN MINISTER GASTON THORN IS IN NEW YORK ACTING AS PRESIDENT OF THE UNGA.)

ALTHOUGH LUXEMBOURG'S STEEL EXPORTS TO THE US REPRESENT  
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ONLY 4.1 PERCENT OF TOTAL PRODUCTION (95 PERCENT OF

WHICH IS EXPORTED), THE AMOUNT IS NOT NEGLIGIBLE IN VALUE OR IMPORTANCE TO LUXEMBOURG'S BALANCE OF PAYMENTS. THE GOL SEES THIS ISSUE WITHIN AN EC CONTEXT AND AS A SUBJECT OF GREAT CONCERN SHOULD THE TREASURY DEPARTMENT MAKE A PRELIMINARY FINDING IN FAVOR OF US STEEL'S PETITION.

2. IN A SEPARATE CONVERSATION, ANDRE ROBERT, DIRECTOR, LUXEMBOURG STEEL INDUSTRY ASSOCIATION, EXPRESSED THE VIEW THAT A JUDGMENT IN FAVOR OF US STEEL'S PETITION WOULD BE INCOMPREHENSIBLE TO ALL COUNTRIES WITH A VALUE ADDED TAX. THE SYSTEM OF REMISSION OF VAT ON EXPORTS IS APPLIED UNIVERSALLY, E.G., ON LUXEMBOURG'S EXPORTS OF STEEL TO GERMANY AND OTHER EC USERS AS WELL AS TO US PRUCHASERS. MR. ROBERT BELIEVES THAT ANY ACTION AGAINST VAT IN THIS CASE WOULD JEOPARDIZE ALL TRADE BETWEEN US AND COUNTRIES WITH VAT AS PART OF THEIR TAX STRUCTURE.

3. FORTUNATELY, RECENT PRESS ARTICLES ON STRONG CRITICISM BY CONSUMER GROUPS AND US POLITICAL FIGURES OF PRICE INCREASES ANNOUNCED BY US STEEL HAVE IMPLIED THAT COMPANY DOES NOT NECESSARILY ALWAYS GET ITS WAY. THERE IS DEFINITE AWARENESS ALSO OF US ADMINISTRATION'S SENSITIVITY TO INFLATIONARY IMPULSES SUCH PRICE HIKES REPRESENT, AND THE RESTRAINING ROLE OF COMPETITION BY FOREIGN PRODUCERS. ADVANCE NOTICE AFFORDED BY AMBASSADOR DENT'S LETTER AS WELL AS ASSURANCE THEREIN THAT US STEEL PETITION WILL BE PROCESSED FAIRLY IN CONTEXT OF USG COMMITMENT TO A LIBERAL TRADE POLICY CONTRIBUTED TO CALM GOL REACTION.

4. POST WOULD APPRECIATE RECEIPT OF TEXT OF PETITION. SOME PRESS ARTICLES LINK IT WITH ANTI-DUMPING INVESTIGATIONS WHEREAS IT SEEMS TO BE RESTRICTD TO ANTI-VAT ARGUEMENTS. PHILLIPS

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE PROTECTIONISM, COUNTERVAILING DUTIES, TARIFFS, DIPLOMATIC NOTES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 SEP 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LUXEMB00777  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** LIMDIS  
**Reference:** 75 STATE 222003, 75 STATE 223116  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2003 by BoyleJA>; APPROVED <14 OCT 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COUNTERVAILING DUTY COMPLAINT ON STEEL  
**TAGS:** ETRD, LU, EC, (DENT, FREDERICK B)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006